

## Message Text

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ACTION EUR-25

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 0135

C O N F I D E N T I A L BUDAPEST 3103

E.O. 11652: GDS

TAGS: EFIN, BTRA, HU

SUBJECT: NATIONAL BANK VISIT

REF: STATE 176183

1. DURING CHARGE'S MEETING WITH FEKETE (REFTEL) NO MENTION MADE OF SPECIFIC MATTER WHICH BANK GROUP WILL DISCUSS DURING US VISIT. FEKETE MADE POINT THAT VISIT WAS TO BE EXPLORATORY IN NATURE AND PRIMARY PURPOSE TO RENEW AND EXPAND CONTACTS WITH US BANKS WITH WHAT WE ASSUME TO BE POSSIBLE VIEW TOWARDS FLOATING HUNGARIAN BOND ISSUE IN US MONEY MARKET WITHIN NEXT TWO OR THREE YEARS.

2. SPECIFICALLY, GROUP WILL NO DOUBT RAISE MFN QUESTION IN TALKS WITH US OFFICIALS AND TRY TO GET CLOSE READING IN PRESENT HUNGARIAN PROSPECTS. FEKETE, WHO LAST SPRING WAS SOMEWHAT PIQUED TO LEARN THAT NUMBER OF LONG FORGOTTEN POST HUNGARIAN DEBTS CONTRACTED SHORTLY AFTER WORLD WAR I MADE JOHNSON ACT APPLICABLE TO HUNGARY PRECLUDING HUNGARIAN TAPPING OF US MONEY MARKETS, MAY ALSO RAISE THIS MATTER. DELEGATION MAY ALSO BE MORE INTERESTED THAN IN PAST IN EXPLORING POSSIBILITY OF EX-IM FINANCING, PARTICULARLY IN VIEW OF SIZEABLE JUMP IN US IMPORTS HUNGARIANS EXPECT IF MFN GRANTED. IT CAN BE ANTICIPATED THAT HUNGARIANS, AND FEKETE IN PARTICULAR, WILL USE WASHINGTON MEETINGS TO BRIEF THEMSELVES CLOSELY ON CURRENT US ECONOMIC SITUATION AND FUTURE PROSPECTS FOR ECONOMY.

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3. IF OPPORTUNITY ARISES SUGGEST THAT LASZLO'S AND FEKETE'S

VIEWS BE SOLICITED ON POSSIBILITY OF HUNGARIAN BOND ISSUE IN US, LIKELIHOOD OF FULLY CONVERTIBLE CEMA CURRENCY, HUNGARIAN INTEREST IN IMF MEMBERSHIP AND RELATED RECENT REPORT AHT GOH CONSIDERING LOAN FROM WORLD BANK, AND HUNGARY'S PLANS TO OBTAIN AND PAY FOR LARGE PROJECTED IMPORTS OF RAW MATERIALS AND IN PARTICULAR PETROLEUM. MAY ALSO BE INTERESTING TO TRY AND DRAW OUT FEKETE'S VIEWS ON NATURE OF POSSIBLE FUTURE EEC-CEMA RELATIONSHIP AND DEGREE HE ENVISIONS FUTURE DEVELOPMENT OF EEC HAMPERING HUNGARIAN EXPORTS TO EEC AREAS. EMBASSY WOULD APPRECIATE RECEIVING ANY AVAILABLE ACCOUNTS OF DISCUSSIONS WITH BANK DELEGATION.

4. REGARDING BIOGRAPHIC MATERIAL EMBASSY HAS NOTHING OF SUBSTANCE TO ADD TO MATERIAL ON FEKETE AND LASZLO AVAILABLE IN WASHINGTON, OR TO REPORT ON DELEGATION'S OTHER MEMBERS.  
PEDERSEN

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